

The Benefits of Regional Integration for Pakistan and Central Asian Republics

Dr Sarwat Rauf

Abstract

Regional cooperation can give power to the small states and in order to get economic development, states usually prefer to enter in political and economic alliances. This paper examines the efforts of Pakistan and China to upgrade their regional cooperation through connectivity. China-Pakistan Economic Corridor (CPEC) is an important branch of Chinese mega project, Belt and Road Initiative (BRI), which intended to link South Asia, Central Asia, Middle East, Europe and Africa by using land and sea routes. The main argument is that CPEC will bring comprehensive changes in the economy of Pakistan and it would be beneficial for neighboring countries particularly CARs. CPEC has steered several other economic projects such as signing of Central Asia-South Asia (CASA-1000) envisages cooperation between two regions. Similarly, groundbreaking ceremony of Turkmenistan, Afghanistan, Pakistan and India Pipeline (TAPI) reflects revamping of relations between states. The paper is set out in the perspective of available harmonious grounds for Pakistan and CARs. It also examines the various facets of the utility of CPEC for China, Pakistan and CARs.

Keywords: Regionalism, Connectivity, CARs, Pakistan, China, Economic benefits.

Introduction

Regional cooperation and peaceful coexistence between states are effective ways to resolve the issues hampering economic development and endangering security. In order to tackle new challenges, regionalism has become a popular approach to bring states close to each other. Regionalism is determining the development of regions (building of region process) and addressing the common issues. The theory of regionalism focuses on boosting regional cooperation and form a less conflict-prone region. Presently, Central and South Asian states hold all the basic conditions for the formation of the region, such as common cultural and economic factors, shared geopolitical importance, and interdependence is possible as South Asia is seeking energy-producing states whereas Central Asia is a hub of energy-rich states ready to export its natural resources. So far several efforts of cooperation and regional integration have been made (by major powers) for Central Asia but remained ineffective (Delovarova, 2013). The geographical features of Central Asia reflect that this region could be a transport hub. It is the best meeting point of East and West because of its shared borders with China, West and South Asia (Javed, 2015). Apparently, regionalization in South and Central Asia seems asymmetrical character because of the differing economic sizes. However, China's Belt and Road Initiative

*Author is Assistant Professor, Department of International Relations at National University of Modern Languages (NUML), Islamabad, Pakistan.

(BRI) has changed the perception because China, in collaboration with Pakistan, has started to work on the China-Pakistan Economic Corridor (CPEC) under BRI.

CPEC, the pilot project of BRI, is steering several changes in Central and South Asia and lots of projects are under process to cater to the needs of transformation. However, changing regional dynamics are effecting on the speed of the projects. The most important challenge is India's growing efforts to knit with Afghanistan, to sabotage CPEC and other connectivity projects with CARs, have reached at its peak. Terrorism is another factor slowing down the connectivity projects as terrorists are operating from Afghanistan against Pakistan. Hence, the prevailing geo-strategic situation in the region gives rise to the question that how can Central Asian Republics (CARs) connect to Gwadar Port as bad taste of relations persists between Pakistan and Afghanistan?

This paper aims to examine the contribution of CPEC in connecting Pakistan with CARs. It is highlighted that CPEC is important for CARs in enhancing its commercial links with Pakistan and other states. The paper also focuses on different facets of the utility of CPEC for Pakistan, China, and CARs. First, the case is analyzed in the geographical prism, later economic aspects and prospects are discussed. Lastly, some suggestions are given. In order to examine South Asia's connectivity with Central Asia, some other projects of connectivity are also focused as CPEC is steering regional changes.

Interdependence between China and Central Asia

China has geographical and historical linkages with CARs, the cultural affinity of neighboring CARs and Xinjiang is important factor binding these states. The inhabitants of Xinjiang, a Chinese province, are same Central Asian (Turkish speaking) people, the record of their trade linkages also showing up their ties (Panda, 2006). Moreover, China intends to secure its territory through the cooperation of neighbors and its economic links with Central Asia are based on its domestic agenda (Lain, 2016). The building of the transport corridors and the extending Chinese loans to the CARs will bring them in the strategic loop of Beijing.

Chinese Belt and Road Initiative (BRI), have six corridors in total; first, China-Central and West Asia Corridor; second, Eurasian Land Bridge; third, China-Mongolia-Russia Corridor; fourth, Bangladesh-China-India-Myanmar (BCIM) Corridor; fifth is Maritime Silk Road (Indochina Peninsula) and CPEC (The Belt and Road Initiative, 2018). Out of all these projects, only CPEC is two-party projects, whereas rest of the corridors carry three or more countries. The ancient Chinese Silk Road first connects with Central Asia then the rest of the world, hence, Central Asia is central to Silk Road (Malik, 2017).

China tends to establish geographical linkage between Gwadar and Kashgar to boost its economy, it also caters the needs of CARs. This project has the potential to streamline the long cherished dream between Pakistan and Central Asia. Furthermore,

The Benefits of Regional Integration for Pakistan and Central Asian Republics

China has strong ties with CARs, oil and gas transportation and trade of various goods is already operative. Suffice to say that Gwadar Port and connected infrastructure of roads is an analogy of Suez Canal which cuts long trade routes in short and beneficial for all stakeholders.

China and Russia first time provided a platform, namely, Shanghai five, to CARs to address their issues in 1996. Later, it became Shanghai Cooperation Organization (SCO) in which Pakistan also expressed its interest to be a member. However, after the visit of the Chinese president to Pakistan and formal inauguration of CPEC project, Pakistan got membership of SCO in 2017. The inclusion of Pakistan and India in SCO also indicates that geographical linkages are bringing states close to each other and largely forging relations of South Asian states with CARs. The ongoing efforts of regional integration are also binding Russia with China, both are emerging powers and their growth is dependent on collaboration. It is the start of power but regional bloc that could rise to dominance in Eurasia (Cronin, 2009).

Factoring Pakistan in Regional Integration

Historical, religious and cultural bonds between Pakistan and CARs demonstrate a strong base of political and diplomatic relations. It appears that CARs want to reduce dependence on its traditional patron and ready to conduct open trade, they are also trying to decrease their reliance solely on Russia for exporting energy (Hyder, 2011). It appears that somehow CARs are diversifying their policies towards Southern states and the West. In this context, Pakistan emerges as a feasible route for CARs to connect with because geographical proximity, religious commonality and cultural affinity had been contributing factors in strengthening affable relations.

In 1991, Pakistan quickly recognized CARs and planned to forge its economic ties too, however, despite efforts, trade relations could not get momentum. The factor of instability in Afghanistan had been a main hindering element in economic ties of CARs with Pakistan. In this situation, CPEC has become a ray of hope as it offers a novel solution to address Pakistan-Central Asian trading woes. CARs will be connected to South Asia and the Gulf region through Pakistan and they would be able to transport their goods to regional markets (Shahbazov, 2017). In the 1990s, Pakistan, for the first time, offered sea access to Central Asia through Karachi and Bin Qasim ports which were over loaded. In 2001, China offered Pakistan 248 million US dollars for the construction of Gwadar Port. The port completed in 2007 when the Singapore Port Authority (PSA) got its management rights however it could not succeed in the management of port. In 2013, the China Port Holding Company (CPHC) got management rights and necessary infrastructure of the port was constructed (Raza, 2013). In November 2016, the port became functional and now the construction of roads are on the go. Since new projects are implanted, the money allocation, previously 46 billion US dollar, has been increased to 62 billion US dollar (Siddiqui, 2017).

The project tends to transform regional trade routes to be a boon for South and Central Asian's economies. In addition to Chinese investment on Gwadar port, incredible trade potential is available for energy-rich CARs, as its oil and gas can be supplied through Gwadar. If all goes as planned, Gwadar would be the garage of multibillion-dollar gas pipelines (Ruff, 2016).

Hence, it is also assumed that CPEC will arrange new economic opportunities, Central Asia. In this context, the statement of the former Adviser to the Prime Minister on Foreign Affairs Pakistan, Mr Sartaj Aziz, is worth mentioning "Pakistan could be a bridge between energy-rich Central Asia and Iran on one side and energy deficit countries like China and India on the other" (Aziz, 2016). All Central Asian nations have welcomed the corridor because they know that the shortest trade route would merely be available through Pakistan. Therefore, despite the clueless efforts of Afghanistan in halting connectivity projects of Pakistan and CARs, Kyrgyzstan along with Tajikistan are ready to provide electricity to Pakistan and Turkmenistan signed an agreement to send gas to Pakistan. This shows the frame of mind of CARs towards Pakistan and their realization of the usefulness of CPEC. Borders of Afghanistan (Tajikistan, Turkmenistan and Uzbekistan) intend to establish commercial links and want to join several energy projects. So far, there is a small energy set-up linking Central Asian electric power manufacturers with Afghanistan. Admittedly, stable neighbors and increased economic activities are an omen of better future.

The sizable natural resources of CARs and Pakistan's pivotal position are two determining factors of boosting ties between South and Central Asia. As mentioned earlier that CARs are searching for an access to world markets through Gwadar port, and Pakistan's geopolitical importance in regional connectivity and steering stability is an established truth. With an abundance of natural resources such as oil, gas, gold, and other metals, CARs have great potentials to invest in industrial zones under CPEC. Looking at vast trade and transit-trade, investment opportunities and potentials, almost all CARs have shown interest in joining the CPEC. Moreover, China's influence in these states is a pushing factor to tie two regions closely.

Projects of Regional Connectivity

The CPEC is not only a transportation route but a set-up of regional connectivity, energy generation, and industrialization. The cascade effects of CPEC are visible as the South Asian economies are developing very quickly, consequently, energy demands are also going up. Therefore, new energy projects (apparently separate) are coming in, foreshadowing economic shift, such as signing of South Asia-Central Asia (CASA-1000), groundbreaking of Turkmenistan Afghanistan Pakistan India (TAPI) gas pipeline, and most importantly Pakistan and India's full membership of Shanghai Cooperation Organization (SCO) indicates a shift from competition to cooperation. Despite divergence of interests, states are leaning towards integration and ready to forge economic and political ties. In this regard, the geographical proximity appears as an important binding force. However, there are several glitches in the implementation

The Benefits of Regional Integration for Pakistan and Central Asian Republics

of regional projects of connectivity. For example, Afghanistan has set a demand that in case of Afghanistan's joining of CPEC, Wagha transit route must be provided to it in order to link India (President Ghani, 2017).

CARs are land locked due to which economic development has become impassive, and their security problems are highly individualized (Tanrisever, 2013). Pakistan and China together with CARs are maneuvering for economic development, regional peace and connectivity, for which some initiatives have already been taken. Apparently, separate from CPEC, two projects of connectivity, Central Asia-South Asia 1000 (CASA-1000) and Turkmenistan, Afghanistan, Pakistan and Indian Pipeline (TAPI) reveal the common interests of CARs and Pakistan. These projects can be called as spillovers of BRI and CPEC. The CASA-1000 aims to launch Central Asia-South Asia Regional Electricity Market (CASAREM), to assuage South Asia's energy deficiency. "This would include a 750km high voltage direct current (DC) transmission system between Tajikistan and Pakistan via Afghanistan, together with associated converter stations at Sangtuda (1,300MW), Kabul (300MW) and Peshawar (1,300MW)" (Kiani, 2015). Moreover, Physical connectivity is also underway, a railway track will be drawn between Havelian and Kashgar, its digital part is also on track in which a fibre line of 820 km will be linking Khunjrab with Rawalpindi. Moreover, three industrial zones have shaped out namely; Hattar, Faisalabad, and Dhabeji among nine identified so far (Malik, 2017).

The agreements such as Turkmenistan, Afghanistan, Pakistan and India (TAPI) gas pipeline project and Central Asia, South Asia (CASA-1,000) electricity transmission project, are actually aimed to get electricity from Central Asian states, Kyrgyzstan and Tajikistan, to Afghanistan and then Pakistan. It is a notable point that groundbreaking ceremony of CASA 1000 held in Dushanbe, Tajikistan just after four months of the inaugural ceremony of TAPI in Turkmenistan. Both projects could cost about \$1billion and \$4 billion in that order. However, their capacity is to carry up to 1,000 MW of electricity and 33 billion(bcm) of gas to Pakistan per annum. This will provide an encouraging environment to Afghanistan to be a nucleus of connections between the two emerging economic zones and lift itself out of political and economic fragility (Mudabber, 2016).

It would bring considerable commercial benefits to exporters i.e. Kyrgyzstan, Tajikistan, and Turkmenistan and boost the energy supplies in Afghanistan, Pakistan and India. This electricity project is certainly a first step towards realizing the potential for energy trade between Central Asia and South Asia. The interesting fact is that 75% of the pipeline will pass through Afghanistan and this arrangement would make Afghanistan develop economically.

TAPI is potent in terms of regional connectivity, enabling energy deficit countries of South Asia to access natural gas. This project once had the support of the US as it intended to supply Central Asian Gas to South Asia independently. Besides, TAPI would also bypass Iran and will carry gas directly through Afghanistan to Pakistan

and India. However, now the situation has taken a new turn and Turkmenistan itself is eager to sell its resources to lucrative markets. Presently, CPEC and TAPI are in their initial phases and security issues are common which are looming mostly because of instability in Afghanistan. The Central Asia Regional Economic Cooperation (CAREC) considers TAPI as an important link in the energy connection of CAREC states (Strategy for Regional Cooperation in the Energy Sector of CAREC Countries, 2008). The TAPI and CAREC's objectives are common; first, to attain energy security through the development of infrastructure and regional institutions. Second, to create a strong unification of markets, three, economic growth through enhanced energy trading (Mudabber, 2016). The route of TAPI provides its geographical features and importance, starting from Dauletabad (Turkmenistan) gas field; TAPI will go by the way of Herat-Kandahar and then arrive Pakistan going through the Bolan Pass (Baluchistan). Afterwards, it will reach Fazilka (India) border with Pakistan (Kar, 2016). In the wake of NATO troop's departure, security of these projects has become the main concern of all stakeholders.

In this context, the inflexible leaders of some states must realize that CPEC route provides immense opportunities not only to CARs but all those who are connected to it. The benefits of the project for Afghanistan would be to make profits and generate low-cost electricity. Pakistan's efforts to promote cooperation with CARs are exemplary and expanding the sphere of cooperation between states. Mostly, CARs are interdependent but due to their economies, based on primary goods, they are seeking partners helpful for transporting their goods to big markets. In order to economic progress, CARs must connect with world markets. Certainly, there are strong factors unifying the South Asian States to the Central Asian States, such as their geographical location, their efforts to promote markets, Muslim Brotherhood and emerging interdependency in the energy sector.

Overall, the above-mentioned projects would increase the capability to promote their economic activities and it would also mitigate tensions between states. Afghanistan would be the main transit hub between South and Central Asia. Therefore, the success of connectivity projects is linked to the security situation in Afghanistan. Certainly, peace in Afghanistan has become the ultimate goal of all stakeholders. The growth of economic activities could steer fresh ideas and mitigation of violent mindset would be possible by engaging people in businesses.

Recommendations

All connectivity projects between Pakistan and CARs are dependent on peace in Afghanistan where the security situation has been uncertain for years. Hence, Pacific environs in Afghanistan are required to launch development projects, economic betterment and geographical connections between South and Central Asia. Setting up peace and security is the foremost desire of Pakistan, China and CARs.

The Benefits of Regional Integration for Pakistan and Central Asian Republics

- There is a dire need to advertise the utility of Gwadar Port for CARs in media (in Pakistan, Afghanistan and CARs) with certain highlights of trade and connectivity benefits.
- The bad relations between Pakistan and Afghanistan should be resolved by inking new agreements with Tajikistan, Uzbekistan and Turkmenistan.
- Instead of linking CARs through Kabul or Wahkhan corridor, Kazakhstan, Kyrgyzstan and Tajikistan should be persuaded to use alternative route through China (bordering China) to link up with CPEC.
- To encourage mutual trade, fast cargo service between CARs and Pakistan should be ensured.
- The governmental cooperation, institutional performance and public support is needed for the successful completion of project.
- Moreover, Uzbekistan and Turkmenistan should be persuaded to continue to use other countries land to accelerate commercial activities. This will eliminate uncertainty in connectivity and relations will be improved.

Conclusion

CPEC will certainly be connecting people as well and interdependence will grow in future. Pakistan is a natural link between the members of TAPI, CPEC, CASA-1000 and SCO. The role of China is central in all these projects because of its strong links with Kyrgyzstan, Tajikistan and Pakistan. The recent extension of SCO manifests growing regional cooperation and this has become clear that Pakistan is the nucleus of all connectivity projects of South and Central Asia. Physical infrastructure (on its completion) from Khunjrab to Gwader would become the potential connection of China and Central Asia with world markets. In order to get access to the sea, Central Asian states are interested in utilizing Gwadar port. However, connectivity projects may not bring positive changes to CARs as long as trade routes become functional in Afghanistan.

In order to ensure peace and stability in the region, China focuses on the development of neighboring countries and spending money on the building of infrastructure. China believes that economic development is the appropriate tool to sooth miserable conditions and assuring peace and security. Its intention to connect South Asia with Central Asia is ensuing economic prosperity. CPEC neither intends to start competition nor it wants a rivalry, ostensibly it meant to have a peaceful coexistence. Hence, all connectivity projects (apparently separate) are getting popularity due to CPEC. The growing regional integration can bring positive changes in the region and infrastructural development will be a contributing factor steering regional stability.

References

- Delovarova, A. D. (2013). Regionalism and Regionalization in Central Asia. *World Academy of Science, Engineering and Technology, International Journal of Humanities and Social Sciences*, 7(3), 778-781.
- Javed, Umbreen, A. R. (2015). Oil and Gas Potentials of Central Asian Republics and. *South Asian Studies*, 30(1), 127-148.
- Lain, J. K. (2016, April 27). *China's Silk Road in Central Asia: Transformative or Exploitative?* Retrieved from Financial Times: <https://www.ft.com/content/55ca031d-3fe3-3555-a878-3bcfa9fd6a98>
- The Belt and Road Initiative*. (2018, May 3). Retrieved from HKTDC Research: <http://china-trade-research.hktdc.com/business-news/article/The-Belt-and-Road-Initiative/The-Belt-and-Road-Initiative/obor/en/1/1X000000/1X0A36B7.htm>
- Malik, A. R. (2017, November 21). CPEC: Relevance to Central Asia. *The Nation*, Islamabad.
- Cronin, P. M. (2009). Global Strategic Assessment 2009: America's Security Role in a Changing World, 256.
- Hyder, Tariq Osman, (2011, September 14) "Central Asia, Making up for Lost Time" *The Express Tribune*.
- Shahbazov, F. (2017, May 25). Will the China-Pakistan Economic Corridor Be a Gateway to Central Asia? *The Diplomat*.
- Raza, S. I. (2013, February 18). China given Contract to Operate Gwadar Port. *Dawn*.
- Siddiqui, S. (2017, August 12). CPEC investment pushed from \$55b to \$62b. *The Express Tribune*.
- Ruff, Abdul, (2016, May 25) "Pakistan seeks stronger ties with Central Asia", *Asian Tribune*, <http://www.asiantribune.com/node/87035>.
- Aziz, M. S. (2016, June 9). *Ministry of Foreign Affairs*. Retrieved from <http://www.mofa.gov.pk/pr-details.php?mm=Mzg0NA,,>
- President Ghani, (2017, October 25). No to CPEC unless Pakistan provides trade access to India: *Dawn*.
- Tanrisever, Oktay F. ed., (2013) *Afghanistan and Central Asia: NATO's Role in Regional Security Since 9/11*, Netherlands: IOS Press.
- Kiani, Khaleeq. (2015, April 27). Casa-1000 breakthrough, *Dawn*
- Malik, A. R. (2017, November 21). CPEC: Relevance to Central Asia. *The Nation*, Islamabad.

The Benefits of Regional Integration for Pakistan and Central Asian Republics

Mudabber, Z. (2016, July 12). Afghanistan's Role in the Central Asia-South Asia Energy Projects. *The Diplomat*. <https://thediplomat.com/2016/07/afghanistans-role-in-the-central-asia-south-asia-energy-projects/>

Strategy for Regional Cooperation in the Energy Sector of CAREC Countries. (2008, November 19-21). Central Asia Regional Economic Forum. BAKU, Azerbaijan, 16.

Mudabber, Z. (2016, July 12). Afghanistan's Role in the Central Asia-South Asia Energy Projects. *The Diplomat*. <https://thediplomat.com/2016/07/afghanistans-role-in-the-central-asia-south-asia-energy-projects/>

Manish. Vaid, Sanjay Kar,(2016, February) "TAPI Pipeline Progresses but future Uncertain", Oil and Gas Journal, www.ogj.com/articles/print/volume-114/issue-5/transportation/tapi-pipeline-progresses-but-future-uncertain.html